

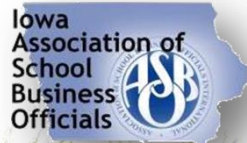
Your Retirement Savings Benefit

Reasons to Save

Control your future now!



Iowa
Retirement
Investors'
Club (RIC)



ISEA
Iowa State Education Association

sai School
Administrators
of Iowa

Introduction



Iowa Retirement Investors' Club (RIC)

Your employer and supporting associations take your retirement readiness seriously. They have partnered with the Retirement Investors' Club to provide a supplemental retirement savings plan that helps you now AND in the future!



Introduction

Your *need* for income in retirement is *inevitable*.

Your ability to retire depends on what you do now-**not** when you get there.



“When I get to retirement, I can count on Social Security and IPERS benefits to be everything I need.”

WRONG!
IPERS



Introduction

Americans age 65 live an average of 20 years in retirement. It's like the longest vacation of your life.



*Will you have
saved enough?*



Vacations take planning and **MONEY!**

- Uncertainties
- Tax benefits
- Quality investments
- Time is money

Reasons to...



Uncertainties

Think about it...

Supplemental retirement savings plans are



One part of your future you CAN control!



Uncertainties

Future uncertainties you CAN'T control:

- Social Security income replacement
- Pension income replacement
- Taxes
- Inflation
- Healthcare costs
- Health
- Employment
- Death



Consider the variables over time...



Uncertainties

Social Security funding

How many working people support each retiree?

1945 - 42 workers
for each
SS recipient



1993 - 3



2030 - 2



Uncertainties

IPERS Benefit



Is full pension income guaranteed under IPERS?

- Full IPERS benefits of 60% income replacement requires 30 years of employment with an IPERS-covered employer
- Future IPERS contributions and calculations may change
- Average IPERS-covered employee retires at 44% IPERS benefit

Ask yourself - If you make \$45,000, could you live with a pension income of \$19,800 for the rest of your life?



Uncertainties

Inflation



\$20.00



1998



\$20.00



2005



\$20.00



2013

Uncertainties

Cost of health Insurance example



	1993	1999	2015
Single	\$171.44	\$257.37	\$823.84
Family	\$450.54	\$596.04	\$1,928.68

Rates quoted are for State retirees under age 65 covered by Plan 3 Plus from Wellmark.

Uncertainties

Future uncertainties you CAN'T control:

- Social Security income replacement
- Pension income replacement
- Taxes
- Inflation
- Healthcare costs
- Health
- Employment
- Death

**You CAN control
how you prepare
to handle
these things!**



Uncertainties

Your employer-sponsored supplemental retirement savings benefit gives you the opportunity to **personally and positively affect your options at retirement.**

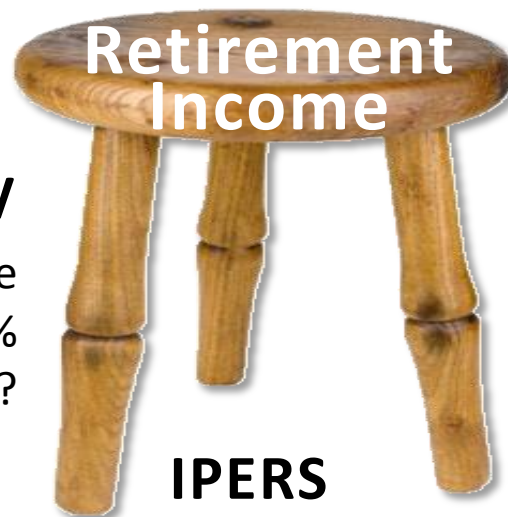
Personal savings is a critical part of your retirement income.

There are 3 main sources of income in retirement.



Uncertainties

Sources of income in retirement



Social Security

What if SS is no longer able to fund at the intended 40% income replacement?

Personal Savings

You control this income source now and in the future. Planning and saving over the years will determine your benefit.

IPERS

What if you don't reach full benefit status?

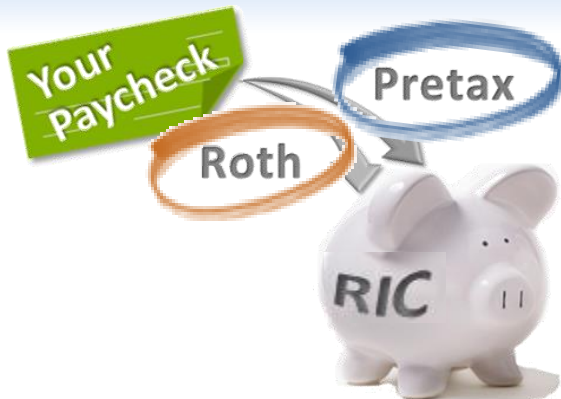
No COLA!

- Uncertainties
- Tax benefits
- Quality investments
- Time is money

Reasons to...



Tax Benefits



Tax advantages differ depending on the taxation of deductions.

	Pretax	Post-tax Roth (if available)
Tax treatment of <i>deductions</i>	No withholding	Regular income tax withholding
Tax benefit in year saved	Immediate-lower taxable income	None
Tax treatment of <i>earnings</i>	Tax-deferred until withdrawn as cash	Tax-free for qualified distributions
Consideration	Possibility of lower tax rate in retirement	Possibility of higher tax rate in retirement

Tax Benefits

Savers Tax Credit

You may be saying **“I can’t afford to save!”**

Consider the *Savers Tax Credit* designed to help lower income earners save for their own retirement.

You may be qualified to receive credit against taxes owed, up to \$1,000.

Find out more on the [RIC website](#) under Program Basics, then Tax Benefits.



- Uncertainties
- Tax benefits
- Quality investments
- Time is money

Reasons to...



Quality investments

Excellent opportunity to invest

Retail investments are often costly and restrictive.

- Investing some of your hard-earned money in RIC gives you access to attractive, low-cost investment options.
- RIC offers fixed rate accounts with no fees and mutual fund options without sales loads or surrender penalties.
- There are very few opportunities to invest in low-cost investments without having to invest a large sum.



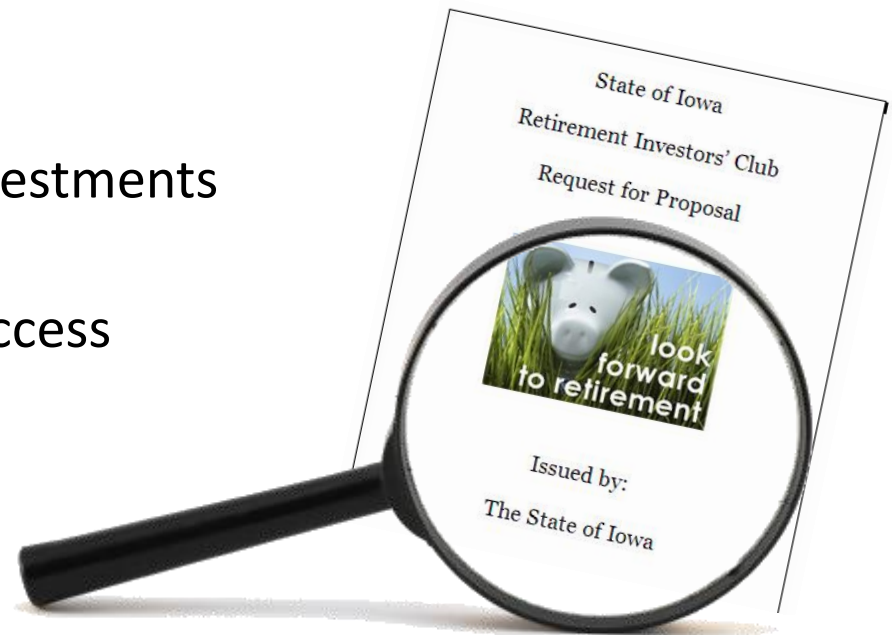
Quality investments

Core Provider Selection process

A public competitive bid* determines which providers will offer investment products and services.

Required minimum standards:

- Diversified, competitive funds
- Restriction and penalty-free investments
- Flexible distribution options
- 24/7 internet/phone account access
- Investment planning tools
- And more at low cost

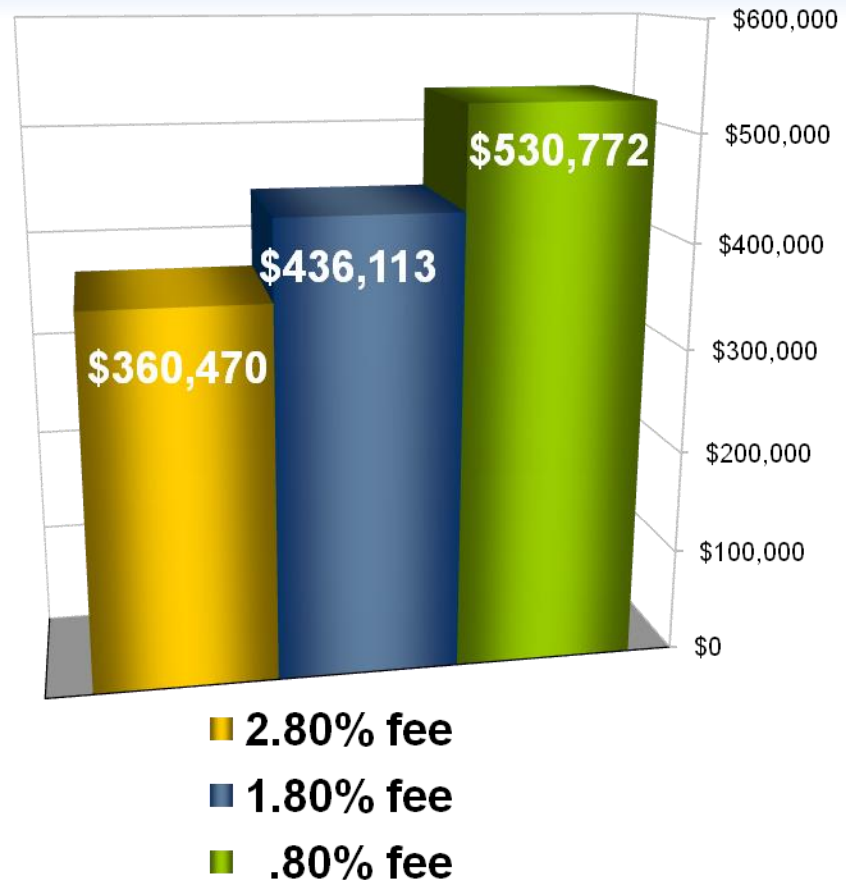


* At least every 6 years

Quality investments

RIC core provider investment options have no sales loads, annual contract or surrender fees. Core provider fund management fees are much lower than most retail investments.

Fees can significantly affect the growth of your money over time.



Assumes a bi-monthly contribution of \$208.33 over 30 years with an 8% return

- Uncertainties
- Tax benefits
- Quality investments
- Time is money

Reasons to...



Time is money

Beth age 21
begins to
contribute
\$3,000/yr



Beth age 36
stops saving (total
contributions \$45,000
over 15 years)



Average 8% earnings rate



Stuart age 36
begins to contribute
\$3,000/yr



Stuart age 65
stops saving (total of
\$87,000 over 29 years)



Beth's savings at age 65

\$885,241



\$367,038



Stuart's
retirement
savings at
age 65



Time is money

Even waiting 1 year to save can hurt you.

Starting age	Savings amount	Results at age 65
35	\$1,000 per year	\$122,356
36	\$1,000 per year	\$112,283
Cost of waiting 1 year =		\$10,073

Saving early is saving smarter!

Assumes average 8% earnings rate

Time is money



Which retirement door will
your savings unlock when you get there?



Time is money



Providers are available to answer questions and set appointments to help you get your RIC accounts open **now**.

Establish your new RIC accounts as soon as possible to begin taking advantage of the many great benefits.

 Horace Mann	877-602-1861
 MassMutual FINANCIAL GROUP®	800-528-9009
 VALIC	800-448-2542
 VOYA FINANCIAL™	800-555-1970

Resources

For more information

- Visit the RIC website

<https://das.iowa.gov/RIC>

Welcome Education-Related Employees!



[Employer-specific plan details](#)

The **Retirement Investors' Club (RIC) 403b Plan**, also called a TSA (Tax Sheltered Annuity), is a voluntary retirement savings program offered by [participating employers](#) of educational & education-related institutions.

The RIC 403b plan is designed to supplement your pension and social security benefits at retirement. You choose how much of your current income to save pretax, through automatic salary reductions. Your contributions and earnings grow tax-deferred. Take advantage of this great employee benefit today!



- John Williams, RIC 403b plan coordinator
515-725-2135 / john.williams5@iowa.gov